

Message Text

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ACTION IO-13

INFO OCT-01 EUR-12 ISO-00 EB-07 AID-05 AF-08 ARA-10 EA-09

NEA-10 COME-00 STR-04 LAB-04 SIL-01 XMB-04 TRSE-00

SS-15 INR-07 DIWY-01 NSC-05 SSO-00 INRE-00 NSCE-00

IOE-00 /116 W

----- 056057

O 101054Z SEP 76

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC IMMEDIATE 9549

INFO USMISSION USUN NEW YORK IMMEDIATE

UNCLAS VIENNA 7553

EO 11652: NA

TAGS: PORG, ABUD, UNIDO

SUBJECT: FINANCIAL RULES OF THE UNITED NATIONS INDUSTRIAL
DEVELOPMENT FUND (UNIDF)

1. AT CONCLUSION OF SEVERAL HOURS NEGOTIATIONS IN
INDUSTRIAL DEVELOPMENTBOARD (IDB) SUBGRUP ATTEMPTING TO REACH AGREE-
MENT ON VARIATION OF RULE 303.6 FOUND IN
ID/B/169 ANNEX III (DURING WHICH U.S. PRESENTED TO
GROUP D VARIOUS ALTERNATIVE FORMULATIONS OF MAXIMUM
U.S. POSITION THAT ALL PROGRAM SUPPORT AND ADMIN-
ISTRATIVE COSTS FOR ACTIVITIES FINANCED BY
THE UNIDF BE PAID OUT OF FUND) ONLY TWO ALTERNATIVE
FORMULATIONS APPEAR POSSIBLE AS IDB RECOMMENDATIONS
TO GENERAL ASSEMBLY AND SECRETARY GENERAL. FIRST
FORMULATION WOULD BE PRESENTATION OF RULE 303.6 IN
PRESENT FORMAT WITH BRACKETS. MAXIMUM GROUP D
AGREEMENT IS LIMITED TO FIRST PORTION OF RULE 303.6 AS IS,
QUOTE. IN ORDER TO COVER PROGRAM SUPPORT COSTS AND
ADMINISTRATIVE COSTS OF UNIDF, A MINIMUM PROPORTION
OF ANY CONTRIBUTION SHALL BE PAID INTO A SEPARATE
ACCOUNT. SUCH PROPORTION SHALL BE CALCULATED
AT THE RATE OF REIMBURSEMENT TO EXECUTING AGENCIES
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CURRENTLY APPLIED BY UNDP UNQUOTE

WITH CONCLUDING PHRASES APPEARING IN BRACKETS VIZ
BRACKETS AND SHALL BE PAID IN CONVERTIBLE CURRENCY.
THIS REQUIREMENT MAY BE WAIVED ONLY BY THE SPECIFIC
APPROVAL OF THE CONTROLLER, OFFICE OF FINANCIAL
SERVICES OF THE UNITED NATIONS. CLOSE BRACKETS.
IN SUCH A FORMULATION, U.S. WOULD INTRODUCE IN
BRACKETS QUOTE TO COVER THE TOTAL PROGRAM SUPPORT
AND ADMINISTRATIVE COSTS FOR ACTIVITIES TO BE
FINANCED FROM THAT CONTRIBUTION UNQUOTE AS ALTERNA-
TIVE TO UNDP BASE FOR CALCULATION OF OVERHEAD
REIMBURSEMENT AS SET FORTH IN FIRST PORTION QUOTED
ABOVE.

2. AS POSSIBLE ALTERNATIVE, USDEL, AT CONCLUSION
OF POST-MIDNIGHT NEGOTIATIONS, SEPTEMBER 9,
PROPOSED AD REFERENDUM TEXT FOR CONSIDERATION AS SUBSTITUTE FOR
ENTIRE ARTICLE 303.6 WHICH DELEGATION STRONGLY RECOMMENDS FOR
APPROVAL. THIS U.S. PROPOSAL HAS THE VIRTUE OF PROTECTING BASIC
U.S. POSITION DIRECTLY WHILE NOT CLASHING WITH
GROUP D INFLEXIBLE INSTRUCTIONS TO PROTECT QUOTE
VOLUNTARY UNQUOTE NATURE OF ALL OF CONTRIBUTIONS
FROM CONVERTIBLE CURRENCY REQUIREMENT. U.S.
TEXT SUBMITTED FOR DEPARTMENT APPROVAL STATES
QUOTE PROGRAMME SUPPORT AND ADMINISTRATIVE COSTS FOR
ACTIVITIES FINANCED BY CONTRIBUTIONS TO THE UNIDF
MADE WITHOUT LIMITATION AS TO USE FOR A SPECIFIC
PROJECT OR PURPOSE (I.E. CORRESPONDING TO EXISTING UNIDO GENERAL
TRUST FUND) SHALL BE COVERED FROM UNIDF RESOURCES AT
THE RATE OF REIMBURSEMENT TO EXECUTING AGENCIES CURRENTLY
APPLIED BY UNDP. UNQUOTE.

3. DELEGATION BELIEVES AN AGREED TEXT OF THIS
NATURE STRONGLY PREFERABLE TO BRACKETED LANGUAGE
BOTH AS AN UNDERSTANDING OF KEY PROVISION FINANCIAL
RULES WHICH WILL MAKE RESOLUTION ESTABLISHING UNIDF
(ID/B/171, PARA 64) LESS OF QUOTE PIG IN POKE
UNQUOTE AND AS POLICY GUIDANCE TO SYG IN ESTABLISHING
THE RULES. IF GROUP OF 77 SHOULD MOVE IN 31ST
GENERAL ASSEMBLY TO AMEND FINANCIAL REGULATION
X.1, DIVERTING AUTHORITY FROM SYG TO IDB TO ESTABLISH
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RULES, POSSIBLE VALUE OF BRACKETED LANGUAGE QUICKLY
APPROACHES ZERO.

SPECIFIC PROJECT OR PURPOSE COONTRIBUTIONS
(I.E. SPECIAL TRUST FUNDS) EXCLUDED FROM U.S.
FORMULATION SINCE THESE SUBJECT TO CONDITIONS
AGREED IN EACH CASE BETWEEN DONOR AND SECRETARY
GENERAL.

5. USDEL REQUESTS AUTHORITY FOR LANGUAGE ALONG
LINES TEXT SUBMITTED AD REFERENDUM BY IMMEDIATE
NIACT CABLE ASAP DURING DAY FRIDAY. STIBRAVY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL DEVELOPMENT, POLICIES, NEGOTIATIONS, FINANCIAL PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976VIENNA07553
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760342-0312
From: VIENNA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760971/aaaacilx.tel
Line Count: 119
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION IO
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: blackch
Review Comment: n/a
Review Content Flags:
Review Date: 22 MAR 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09-Mar-2001 by chicheje>; RELEASED <22-Mar-2001 by blackch>; APPROVED <28-Mar-2001 by blackch>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FINANCIAL RULES OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT FUND (UNIDF)
TAGS: PORG, ABUD, UNIDO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006